में कितना एक्सपोजर है? क्या वह गाइडलाइंस के अनुरूप है और पिछले 4-5 वर्षों में इसमें किस प्रकार की वृद्धि हुई है?

SHRI P. CHIDAMBARAM: Sir, I have just read out the pattern of investment that is allowed. It is 25 per cent in Central Government securities, 15 per cent in State Government securities, 30 per cent in securities, bonds of public financial institutions and the remaining 30 per cent in any of the above three categories. These are the only investments permitted today.

श्री रघुनारायण पणि: सभापति जी, एन०डी०ए० या यू०पी०ए० का सवाल नहीं है। इसमें बढ़ोतरी के बारे में ई०पी०एफ० के ट्रस्टी बोर्ड का जो सुझाव है, वह एकीकृत सुझाव है या नहीं क्योंकि लेबर मिनिस्टर बाहर 12 परसेंट की डिमांड करते हैं? वह पॉलिटिकली कुछ बोलते हैं। मंत्री महोदय कृपया बताएं कि लेबर मिनिस्ट्री और ई०पी०एफ० बोर्ड ट्रस्टी की ओर से फाइनेंस मिनिस्ट्री को क्या सुझाव आया है? उन्होंने उस में कितने प्रतिशत की मांग की है?

SHRI P. CHIDAMBARAM: Sir, various demands are made from time to time. It is perfectly legitimate for anyone to raise a demand.

In 2002-03, the interest rate for EPF subscribers was 9.5 per cent. In 2003-04, it was reduced to 9 per cent, but the Minister announced that he would allow a bonus of half a per cent. In 2004-05, that is, the current year, after this Government took over, the matter has been discussed in several fora. The EPF Board, with the approval of the Minister of Labour, has announced an interim decision to grant 8.5 per cent. They are certainly asking for more. That decision must, indeed, be taken by the Government. When the Government takes that decision, and I hope it will be soon, certainly the Minister of Labour would announce that decision to the people. I hope the Government would be able to take the decision soon, but it is really the Minister of Labour who deals with the matter, and I am confident, my colleague in the Ministry of Labour will be able to annoucne the Government's decision very soon.

Agreements on import of oil

*183. SHRI LALIT SURI: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the details of agreement entered into by India with other countries for the import of oil and petroleum products for the year 2004-05;

(b) whether there is any proposal for buying oil and petroleum products on the spot market; and

(c) if so, the quantum of oil proposed to be purchased under that arrangement during the year 2004-05?

THE MINISTER OF PERTOLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a) to (c) A Statement is laid on the Table of the House.

Statement

Agreements on Import of Oil

(a) to (c) Both Public Sector Underakings (PSUs) and private refineries in India buy crude under agreements called "Term Contracts" from national Oil companies/other companies of Saudi Arabia, Kuwait, UAE, Iraq, Iran, Malaysia, Brunei, Oman and Qatar.

Such agreements are normally for a period of one year for the supply of agreed quantities of crude, specifying the delivery schedule. The price for such "Term Contracts" is fixed by the national oil companies of the supplying countries on a monthly basis. Such prices are based on the average of the day-to-day prevailing prices in international markets.

For the year 2004-05, oil PSUs have signed Term Contracts for the supply of 42.51 million metric tonens (MMT) of crude.Oil PSUs have also signed Term Contracts for the supply of 2.143 MMT of LPG from the national oil companies of Saudi Arabia, UAE and Malaysia.

Besides terms contracts, crude is also purchased on a spot basis by both PSUs and private refineries. For the period April-September 2004, PUSs purchased 10.991 MMT of crude and 0.270 MMT of products from the spot market.

SHRI LALIT SURI: Mr.Chairman, Sir, the need for oil and its products in the country has been increasing at a rapid pace. Accordingly, the imports have been increasing with substantially consuming our foreign exchange earnings. Taking into account the present situation, there is no escape from imports. I would like to ask. Is the Ministry of Petroleum, through PSUs and ONGC, signing agreements with other countries for purchase of assets in various oil fields to meet the petroleum product needs of the country? What procedure are they following to sign these agreements to protect the country's interest?

SHRI MANI SHANKAR AIYAR: Sir, the Government have laid down guidelines in terms of which the Empowered Committee of Secretaries looks at these proposals. If they exceed certain investment limits and if there is a requirement for an exception to be made from these limits, the issue is taken up to the Cabinet. This applies as much to the initial investments as it does to the subsequent increases in these initial investments should this arise. Such a situation has, in fact, arisen with regard to Sakhalin-I and that is a good example of an issue having been determined at one level in terms of certain parameters and then when there were revised parameters, it is going through a process of going to the Committee of Secretaries and coming to the Cabinet. We have been taking the utmost care to ensure that investments, which we are making outside India, are very carefully vetted before they are undertaken. In this connection, I would like to just make a little clarification that while there has been a substantial increase in foreign exchange expenditure of oil imports, I wouldn't say that it takes a substantive share of our foreign exchange earnings. Fortunately, Shri P.Chidambaram is earning very, very much more in foreign exchange than I am capable of spending in foreign exchange.

SHRI LALIT SURI: With the present fluctuation in the prices of oil and petroleum products, what is the Government's thinking and decision for the import of oil and petroleum products? The hon. Minister said,only 25 per cent is bought by spot buying and 75 per cent by long-term contracts. I would like to know: What is more beneficial in the long run – spot buying or long-term contract?

SHRI MANI SHANKAR AIYAR: Sir, the security that we get, the assurance that we get from having term contract enables our refineries to better plan what they wish to do during the course of a year. But, it is simply not possible to contract all that we require in terms of term contracts largely becuase the supplying countries are only willing to enter into term contracts with us for relatively limited quantities and a very large number of countries do not, in fact, have arrangements for term contracts at all. In these circumstances, it is the nature of the purchase rather than the price at which the purchase is made that makes the difference for if we look over a series of contracts that we have held as between spot prices and term contract prices, the difference amounts to perhaps 1 per cent or 2 per cent. It is sometimes above the contract price and sometimes below the

contract price. So, it is not really the price which is a matter of concern for us. It is the assuredness of supply that concerns us because in term contract the arrangement is that the price at which it will be made available is announced on the monthly basis and it is not pre-determined. It is done on the basis of average day-to-day variations in the international market for those prices. Therefore, on the price front, there is not much difference. But in terms of certainty of supply, there is a difference. That is why while we are trying to increase the number of term contracts, the fact of the matter is that we will have to continue being in the spot market for an indefinite period, and for an indefinite quantity into an indefinite future.

SHRI C. RAMACHANDRAIAH: Sir, petroleum products have gained such an importance in this country that they impact the standard of living of the common man. Not only this, it also affects the fiscal position of the country itself. So, there is an impending necessity of securing oil reserves from all possible resources. Sir, the estimated consumption in 2025 seems to be 317 million tonnes. There is every necessity to secure oil reserves outside also by entering into sharing agreements. Sir, in this context, or, in this perspective, what are the plans of the Government of India to have the oil security for this country, which has got tremendous impact on the economy of this country?

SHRI MANI SHANKAR AIYAR: Sir, I would entirely agree with the hon. Member that this is a matter of considerable concern because, as of today, if one takes the entire range of petroleum products together, out import dependence is of the order of 70 per cent. And, if you take only crude oil, our import dependence is of the order of 74 - 75 per cent. This being so, it is on the one hand very necessary that we increase our domestic availability of oil. To do this, we are exploring for oil in places where we did not go earlier such as deep waters, such as entering into frontier areas, and such as attempting to go below the usual depths of drilling particularly in the Deccan trap, which is overlaid with a very large body of volcanic rock cover. In addition to this, we are trying to substitute oil by gas in as many uses as we can, because the availability of gas in the country is likely to be substantially more than what we can obtain from oil. And here, Sir, there are explorations being made of gas hydrates which is a relatively new technology. We are trying to go into underground coal gasification. There were two agreements signed only last month with Moscow. In this process, and, in addition to doing all that what we can domestically, we

are looking for acreages abroad, and, in this, our efforts extend from Sakhalin in North east Russia all the way across to Columbia. There are about 20 - 30 countries in which we are either securing contracts already, or, are looking for them. So, foreign acreages are going to be a significant element in our energy security as well as gas being imported into the country as LNG and through transational pipelines.

SHRI VEDPRAKASH P. GOYAL: Sir, I would like to know from the hon. Minister whether correct projection, or, responsably correct projection has been made for the coming year 2004-05 about the real demand of the industry for these various products, like gas and other products; and whether the Minister can give an assurance that the industry will not suffer during the year because the demand of the industry is going to be increased as the industrial production is going up.

SHRI MANI SHANKAR AIYAR: Sir, with regard to oil and oil-based products, I think I can give an assurance to the hon. Member that there is adequate stock availability at present inside the country, and, in the event of our requiring a little more— as, for instance, in LPG we do have to effect some imports— we do have the resources of foreign exchange to be able to effect these imports. But with regard to gas, the position is not the same. There have been significant shortfalls in availability compared to the projections made a few years ago, and, therefore, even with regard to firm allocations, we are having difficulties in certain basins in making the supply within that particular time-frame. But, owing to the fact that we have made additional discoveries, I think the situation is likely to ease with effect from about 2006-07, and, certainly, that is our effort. If we are able to import a much larger quantity of gas through transnational pipelines, for example, from Iran or Myanmar, or if we are able to secure it at reasonable price in terms of Liquefied Natural Gas, then again, I think we could considerably ease the situation in future. We are very deeply conscious of the need to ensure the energy security of this country because without that we cannot attain our ambitious growth targets.

SHRI VAYALAR RAVI: Sir, the hon. Minister was expressing this satisfaction about availability of foreign exchange for import. But, the basic question is, as he has also agreed, how to increase our domestic production. Here, Sir, there is a very, very disastrous and disappointing picture of the performance of our domestic production, especially with respect to the ONGC. So, my question is this. The ONGC could not make any impact, as expected, to increase the production on percentage terms.

So, I would like to know from the hon. Minister what steps have been taken to increase the production and streamline the functioning of the ONGC, if necessary, to reorganise the whole thing with separate persons. I would also like to know whether it is true that there are certain rigs which are lying idle which have been taken on rent, or whatever may be. So, I would like to know about that steps taken by the Government, especially through the ONGC; and what changes are being made in this regard.

MR. CHAIRMAN: That is enough. Let the Minister give the reply.

SHRI MANI SHANKAR AIYAR: Mr. Chairman, Sir, the hon. Member has portrayed the ONGC in, I think, an unfortunately bad light. Almost all of our discoveries and so much of our production has really come from the ONGC. That record needs to be set right. In recent years, it is true that there have been ...*(Interruptions)*

SHRI VAYALAR RAVI: I never question about ONGC. I only said that in recent years, for the last few years, it would not make any impact. You may look at the whole account.

SHRI MANI SHANKAR AIYAR: I am glad that the words 'recent years' have now been brought on record by the hon. Member. That has not been done in his original question. Yes, in recent years, certain private-sector companies have been rather more fortunate than the ONGC. But, equally, it is true to say that the ONGC has been involved in some very, very important increases in in-place reserves as also in output. Overall, I think, it is necessary for us to recognise that a hydrocarban potential in terms of the existing geological knowledge shows us to be a difficult country compared to many around us. But, given this, we are engaged in a very, every major way in discovering the kind of technologies and the kind of policy approaches that would enable us to find oil and gas where none has been found earlier. For example, in your own State of Rajasthan, massive discoveries have been made by Cairn in the Barmer area where Shell have said that there was no oil available. So, we are all pulling together. We are doing so in partnership. There are now an increasing number of joint ventures between private sector operators and the ONGC on one hand, and foreign private sector prospectors and the ONGC, on the other. And, through these innovative ways of both organisation and technology, I think, we could move forward.

SHRI RAJEEV SHUKLA: Sir, China has recently decided to make a strategic reserve of oil in order to avoid any impact of international prices on domestic prices. So, I would like to know whether India is also thinking on those lines.

SHRI MANI SHANKAR AIYAR: Sir, the strategic reserve is meant for an emergency, and I do not think any level of strategic reserves could always inure a country from volatility in international markets. But, yes, we do have plans which are underway for having a strategic reserve in India. I do not wish to disclose these locations. But they are going to be available in such a way that the country will be able to benefit from them in the event of an emergency.

SHRI B.J. PANDA: Sir, the hon. Minister has just stated that three-fourths of our oil dependence is on imports. In the last one year, there has been a great deal of volatility in international oil prices. This can have a very significant impact on the projections of our country's requirements. In the light of this, I would like to know from the hon. Minister what were the projections for the quantum of oil and petroleum imports and the expenditure, and what has been the real import in terms of quantum and expenditure.

SHRI MANI SHANKAR AIYAR: Sir, we are working broadly within into framework of the Hydrocarbon Vision-2025. But these are constantly being reviewed, monitored and updated as we go along. In terms of the imports that have been made in recent times, perhaps I could take the figures of 2001-02 comparing them to the figures of 2003-04 and then give you the figures for the first half of the current financial year. In terms of quantity, our crude oil imports have risen from 78.7 MMTs in 2001-02 to 90.4 MMTs in 2003-04. In the first half of this year, our imports of crude oil have been of the order of 50 million tonnes. So if it sustains, if it is exactly at the same level, then at the end of the year, it could be 100 MMTs. But let me tell you that in the month of April or later, in terms of value in crores of rupees, in 2001-02, the net *Interruptions*... Let us take the Gross Import Bill first. In 2001-02, the Gross Import Bill was Rs. 67,646 crores and in 2003-04, it increased to Rs. 93,168 crores. In the first six months of this financial year, the Gross Import Bill on crude oil products is Rs. 66,495 crores, which is 55.8 per cent increase over our expenditure in value rupee terms over the first six months of last year. In dollar terms, it is...(*Interruptions*)...

MR. CHAIRMAN: Mr. Panda, will you be satisfied with a written answer? (*Interruptions*)

*184. *[The questioner (Shri Uday Pratap Singh) was absent. For answer vide page 26.]*

*185. *[The questioner (Shri A. Vijayaraghavan) was absent. For answer vide page 27.]*

*186. *[The questioner (Shri Abdul Wahab Peevee) was absent. For answer vide page 28.]*

Investment Commission

*187. SHRI RAJKUMAR DHOOT:
SHRI KARNENDU BHATTACHARJEE:†

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that in Investment Commission has been formed or being formed;

(b) if so, the details thereof such as its constitution, terms of reference, jurisdiction, etc.;

(c) whether it would be a Standing Commission and submit recommendations periodically; and

(d) if not, whether it will be required to submit its final report by the end of its term?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (d) A statement is laid on the Table of the House.

Statement

(a) Yes, Sir.

(b) to (d) Terms of Reference of Investment Commission as approved by the Government are given below:

(i) The Investment Commission is constituted initially for a period of three years;

---

†The question was actually asked on the floor of the House by Shri Karnendu Bhattacharjee.